UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP

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COUNTRY AND INTERCOUNTRY PROGRAMMING

UNDP assistance requested by the Government of

BOLIVIA

Note by the Administrator

Programme period	IPF for period 1972-1976
1972-1976	$15 million

I. Nature of the programming exercise

1. The preparation of Bolivia's country programme for the 1972-76 period was undertaken without benefit of the framework which a national development plan would have provided, as such a plan is just now nearing finalization. However, in co-operation with the Resident Representative's Office and the agencies of the United Nations system and within its own broad policy lines, the Government has identified priority sectors for UNDP assistance. The process was also supported by efforts on the part of the various multilateral and bilateral assistance programmes to identify fields of common concern and to work out means for providing support in these fields.

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2. As the first step in the process, the country background paper was prepared as a joint effort of the then Ministry of Planning (now Secretariat to the National Economic and Development Council - CONEPLAN) and the Resident Representative's Office, with the assistance of a United Nations expert and taking into account country briefs submitted by the agencies. It was submitted in April 1972 just at a time when a number of operations aimed at providing a stronger framework for development were materializing. These included the establishment of a high-level working group in the Bolivian Government to advise in the preparation of a Five-Year Development Plan; an IADB/ILPES Investment Programming Mission to assist in elaborating an investment programme and a FAO/IADB Co-operative Programme Agriculture Sectoral Mission; and a FAO/IBRD Co-operative Project Identification Mission.

3. Also getting under way early in 1972 were preliminary meetings in La Paz of a technical assistance consultative group composed of representatives of the Government, UNDP, financial aid agencies and bilateral donor programmes, under the chairmanship of the Minister of Planning (CONEPLAN) and with the UNDP Resident Representative acting as Secretary. These field level meetings were paralleled by headquarters co-ordination meetings held in Washington, D.C. In view of the importance of all of these developments for the programming process, the Deputy Director of the Regional Bureau for Latin America, in a visit to La Paz at the end of August, confirmed the desirability of postponing the submission of Bolivia's country programme, originally scheduled for January 1973, until June in order to permit it to take account of these factors.

4. Although the October devaluation of the peso and accompanying economic measures delayed some of these steps, the programming process proceeded taking these factors into consideration to the extent possible. A Technical Assistance Co-ordination Conference was held in La Paz from 19-23 February and was attended by the Director of the Regional Bureau for Latin America as well as representatives of interested agencies of the Bolivian Government and of multilateral and bilateral assistance programmes. Actions taken by the meeting are considered to be a very positive step toward more specific definition of technical assistance needs within the development framework.

II. Relation of the country programme to the development plan of the Government

5. Despite the absence of an approved national plan, certain development priorities and strategies have already been identified and these are reflected broadly in the programme, although minor adjustments may be required when development goals and the role of technical assistance have been defined in more detail. The plan is expected to give special importance to sectors with high export potential, particularly mining, petroleum and gas; and to high-productivity and employment-creating sectors in industry and agriculture. Infrastructure will receive particular emphasis as the essential basis for expanding the country's absorptive capacity to attract and utilize other investment.

6. Within this framework, the role of UNDP assistance is seen as one of accelerating the development of certain basic sectors, acting in complement with external financial assistance. It has been agreed that the United Nations system assistance is particularly appropriate in strengthening both institutional infrastructure to meet tasks of national and regional planning and administrative reform; as well as in the establishment of physical infrastructure, including transport and communications. Also included is assistance to Bolivia in taking advantage of the opportunities offered by the Andean Sub-Regional Common Market. Assistance in two trade infrastructure projects, together with three industry sector projects aimed specifically at that Market totals $702,000 devoted to this very important factor in Bolivia's economic framework. Areas of concentration for UNDP funds have been selected taking full account that certain priority sectors have proven more able to attract assistance from other sources, and more UNDP assistance has therefore been directed to those that receive less.

7. In this connexion, the important role of co-ordination efforts in ensuring that maximum benefit is realized from available external assistance should be emphasized. Following presentation at a meeting of the Interamerican Committee for the Alliance for Progress (CIAP) in December 1972 of a five-year investment programme calling for international financing totalling about $450 million, the Technical Assistance Co-ordination Conference mentioned above identified areas to which external assistance should be primarily directed, and working groups discussed specific areas for sharing of responsibilities in: (a) agricultural development, including livestock and forestry, and the traditional sector; (b) public administration reform, including especially public enterprises and decentralized institutions; (c) mining and mining industry; (d) tax and customs reform. In addition to a review of proposed actions in each of these fields, it was agreed that CONEPLAN should act as the common channel of communication for all agencies and the Government to serve as a focal point for ensuring complementarity.

III. Content of the country programme according to sectors and subsectors

Table 1

Sectoral breakdown of on-going and new projects

Sector	On-going projects		New projects		Total	
	Value ($'000)	Per cent	Value ($'000)	Per cent	Value ($'000)	Per cent
Infrastructure	2 366	28	2 773	50	5 139	37
Agriculture	3 709	45	1 183	21	4 892	35
Natural resources	1 179	14	908	16	2 087	15
Human resources	434	5	178	3	612	4
Industry	683	8	335	6	1 018	7
Project support	0		216	4	216	2
Total programmed	8 371	100	5 593	100	13 964	100

8. One of the significant features emerging from the above table is the fact that 60 per cent of the funds programmed, or 56 per cent of the total IPF, are taken up by on-going projects. This situation is aggravated by the fact that of a total of 23 "new" projects costing $5.6 million, 13 costing $3.5 million are devoted to continuing existing projects. In other words, on-going projects will actually absorb $11.8 million, leaving only $3.2 million or 21 per cent of the IPF for programming wholly new endeavours, and this only after an in-depth review of on-going projects resulted in a decision to cancel certain long-standing unimplemented or partially implemented projects which may have dropped in pricrity since approval, thus releasing some $750,000 for new programming. While most of the remaining on-going projects represent important and promising development efforts in key sectors, it is clear that this situation allowed very little freedom of action in this programming exercise and that in all sectors these serious financial constraints have posed the main obstacle to including certain worthwhile and needed projects. It should also be pointed out here that certain projects, such as the railway assistance project (Phase II), listed in the programme as new, have in fact been approved in the interim.

9. A further point which is revealed clearly by the figures in Table 1 is the importance given to infrastructure and agriculture, the two together absorbing almost three-quarters of the total programmed expenditures. Thus, it includes a total of $1.5 million over the programming period for the two phases of assistance to the State Railways, the first preparatory and the second complementary to an IDA $8 million credit to help finance a railways investment plan; as well as large-scale assistance in providing the bases for improving telecommunications and for expanding power facilities. Large-scale assistance in regional planning complements that provided from other sources in a major effort to define and support new development poles.

10. Although 35 per cent of the total funds programmed are devoted to agriculture, there is an apparent decline from 45 per cent of on-going to only 21 per cent of new projects. However, this is expected to be compensated to some extent by funds from other sources. Thus, although UNDP assistance in agricultural production and groundwater projects in the Altiplano, where the population has traditionally been concentrated, is coming to an end in 1973, it is expected to be followed up by bilateral and multilateral programmes. Complementary to this, UNDP is assisting in a pilot programme to determine possibilities for alternative settlement and agro-industrial development in a largely virgin area, the Abapo-Izozog region, where the programme envisages an expenditure of some $3 million over the 1972-1976 programme period. In the field of livestock, where the Government intends to make a major effort to expand production for local consumption and for export, a large UNDP effort in animal health and production is designed to complement inputs from other sources.

11. In the field of natural resources, UNDP assistance is envisaged in a variety of projects aiming at taking advantage of the latest technology to identify resources with development potential to expand and diversify the economy's resource base. It will be noted that only 15 per cent of the total IPF is utilized within this sector; yet it is hoped that UNDP's assistance

will act as a catalyst for attracting potential investors into this sector which is so basic to the national economy.

12. The relatively low percentage devoted to human resources development is due primarily to the significant assistance in this area already provided or anticipated from other sources of financing. The same can be said for industry, where international private and public investment is counted on for the major development efforts. UNDP assistance here is concentrated, as noted above, in assisting Bolivia to take advantage of opportunities afforded by the country's participation in the Cartagena Agreement.

13. A positive characteristic is the large portion of the programme - 95 per cent - devoted to large-scale projects, as noted in the table below.

Table 2

Sectoral breakdown by size of project

	Large-scale projects			Small-scale projects		
Sector	No.	Value ($'000)	Per cent	No.	Value ($'000)	Per cent
Infrastructure	8	4 848	37	7	291	42
Agriculture	5	4 892	37	0	0	0
Natural resources	7	2 028	15	4	59	9
Human resources	2	322	2	6	290	42
Industry	3	973	7	1	45	7
Project support	1	216	2	0	0	0
Total programmed	26	13 279	100	18	685	100

IV. Utilization of UNDP inputs over the programming period

Table 3

Phasing of UNDP inputs over the programming period (1972-1976)

Year	Estimated UNDP inputs ($'000)	Percentage of the planning figure a/
1972	4 077	27
1973	4 617	31
1974	2 571	17
1975	1 785	12
1976	914	6
Unprogrammed balance	1 036	7
Total UNDP inputs in programming period	15 000	100
Reserve projects b/	4 740	

a/ The planning figures for 1972-1976 is the approved IPF.

b/ As indicated in sectoral discussions in the programme document, which did not include a separate list of ex-IPF projects.

14. Delays in implementation of certain inputs originally scheduled for delivery in 1972 have shifted some of the weight of the programme to 1973, but, as in many other instances, front-end loading amounting to programming of some 58 per cent of the IPF in the first two years of the period has been unavoidable, partly due to the commitment noted above of some 56 per cent of the IPF to projects already under implementation. Some rephasing has been undertaken where possible, but urgent requirements during this crucial stage of the Government's stabilization and development efforts have made further postponement impossible.

V. Special development problems and needs of the country

15. Bolivia is not one of the 25 least developed countries as measured by criteria established by the Committee for Development Planning based on per capita GDP, manufacturing production as a proportion of GDP, or percentage of

literate population. However, many of Bolivia's developed problems are similar: 68 per cent of the labour force is engaged in agriculture, while only 8 per cent work in manufacturing and 3 per cent in mining. In other words, only a small fraction benefits from the higher productivity enclave export sectors in mining and petroleum. Illiteracy, unemployment and infant mortality are high; nutrition levels are low, as is the per capita GDP which reached only $196 per annum in 1969. These factors are compounded by the country's harsh physical environment, land-locked position, and the extreme limitations of the internal market due to low productivity, low income, and wide dispersal of the population with few communications facilities. Moreover, what makes the situation more serious is the position of the Bolivian economy relative to the other countries of continental Latin America, where Bolivia is the least favoured by a very wide differential with the most developed countries of the region.

16. Thus, the programme document points out that "there are additional factors such as the relatively low level of economic activity of Bolivia as compared to that of her neighbours; the opportunities as well as the dangers posed by the country's participation in the Andean Sub-regional Common Market; the problems which the export of any national product faces because of immensely difficult transportation problems...that place Bolivia at a significant disadvantage as regards her opportunities for achieving the desired level of acceptable conditions of life".

17. Within the possibilities open to it, UNDP has taken several steps to try to maximize the benefits from the relatively limited resources available. The most important has been the establishment of the Technical Assistance Co-ordination Groups discussed above, with a view to enabling the country to absorb effectively the international assistance available to it.

18. While these measures are important, they are only a minimum compared to Bolivia's needs in view of the situation described above. For this reason, we fully support the Government's request for a waiver of the annual 8 per cent assessment for local costs, as well as for additional preferential treatment in accordance with the provisions for least developed countries, as indicated in paragraph 27 of the programme document. This cause was supported by the Report of the Committee for Development Planning which indicated that "special treatment is even more warranted in the case of Bolivia, given the country's low per capita gross product". 1/

VI. Recommendation of the Administrator

19. In the light of the views expressed above, the Administrator recommends that the Governing Council:

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1/ See document E/4490, paragraph 71.

(a) Approve the proposed UNDP country programme for Bolivia within the limit of its approved indicative planning figure and for the duration of its programme period; and

(b) Authorize the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the country programme, and calling for planned expenditures which may be contained within the approved indicative planning figure and the financial resources currently available at any given time.